

SEC86

From: Angela Watkins <angela.watkins@kik.com>
Sent: Tuesday, July 18, 2017 7:06 PM
To: Peter Heinke <peter@kik.com>
Subject: Fwd: Meet Friday

Forwarding this Insurance overview from Chris.

----- Forwarded message -----

From: **Chris Cameron** <ccameron@magnesgroup.com>
Date: Tue, Jul 18, 2017 at 5:44 PM
Subject: RE: Meet Friday
To: Angela Watkins <angela.watkins@kik.com>
Cc: Ashley House <ahouse@magnesgroup.com>

EXHIBIT

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19-cv-5244-AKH

Angela,

Sorry for the delay and thanks for your patience. As promised I wanted to provide a summary of where the exposures are coming from and which policies we have in place to address a potential claim.

In broad terms, we see the potential for a loss coming from two main areas: the investor side and the operational side.

Investor issues will generally come from two areas:

- Any failure of Kik to perform as the investors expect. As you march towards commercialization and greater success these issues will continue to grow with the increased investor expectations.
- With the advent of Kin we now have the potential for regulatory issues to develop if the SEC determines that Kin is in fact a security and not a product. An SEC investigation would trigger defense costs, fines and penalties as well as a likely investor suit should there be any direct impact on the value of their investment.

These types of claims would fall under the D&O space. We have a D&O policy in place already and are working to replace our primary insurer because they cannot accommodate anything FI related (important to note that insurance policies can only indemnify for the investigation costs of a regulatory issue not the fines themselves, having the ability to insure a fine has been deemed contrary to public good).

On the operations front, our largest issues are:

- Theft of Ether
- Failure of the app to function for your users
- A breach that results in the actual or alleged theft of personally identifiable information
- Regulatory issues surrounding the handling of others money

The first three issues fall into the cyber and professional liability coverage spaces. We have these coverages in place but


with the introduction of Kin the risk profile has shifted so we do need to explore alternate insurer options in case our incumbents are no longer comfortable with the exposure.

With respect to the fourth issue (regulatory) there are a variety of bankers bond and crime policies that could be put in place but the requirements will likely be on a State by State basis so we will need to work with your legal team as they uncover the various requirements.

We've canvassed all of the potential markets to make sure we have the best terms available when we need to implement the changes, we have a number of interested partners so finding capacity will not be an issue. The main question we will have left is quantum which is a question we will work through together as more details unfold.

Chris Cameron
Account Executive

The Magnes Group Inc.


www.magnesgroup.com



From: Angela Watkins [<mailto:angela.watkins@kik.com>]
Sent: Tuesday, July 18, 2017 1:09 PM
To: Chris Cameron
Cc: Andy Sloan
Subject: Re: Meet Friday

Awesome. That works great. Thanks.

On Tue, Jul 18, 2017 at 1:01 PM, Chris Cameron <ccameron@magnesgroup.com> wrote:

I could make 3:00 work on Thursday?

Chris Cameron
Account Executive

The Magnes Group Inc.
[REDACTED]

www.magnesgroup.com



From: Angela Watkins [mailto:angela.watkins@kik.com]
Sent: Tuesday, July 18, 2017 11:57 AM
To: Chris Cameron
Cc: Andy Sloan
Subject: Re: Meet Friday

Actually, sorry. This timing just got moved up 1 day. Could you do anytime from 2pm on Thursday?

On Tue, Jul 18, 2017 at 10:58 AM, Chris Cameron <ccameron@magnesgroup.com> wrote:

Hi Angela,

I can be available to meet anytime in that window, I'll let Andy suggest a time as I'm not sure of his schedule.

Sorry for the delay on the document, we are just finalizing what we think you're looking for and should have it to you shortly. I'll be aiming to get it out this afternoon when I return from a meeting if that works.

Chris Cameron
Account Executive

The Magnes Group Inc.
[REDACTED]

www.magnesgroup.com



On Jul 18, 2017, at 10:41 AM, Angela Watkins <angela.watkins@kik.com> wrote:

Hi Chris & Andy

We've confirmed Leonid from Coin Tree will be down this week having internal meetings to arrange the internal security of KIN.

Would either of you be able to join us on Friday sometime between 11-2 to manage the questions about the Cyber policy? We expect we'll only need an hour, but haven't quite determined the exact timing.

Also, Chris - would you be able to send over the Insurance summary that Peter was asking for?

--
Angela Watkins

Manager, Admin
Kik Interactive Inc.

Kikusername: angelawatkins

e: angela.watkins@kik.com

C: [REDACTED]

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Angela Watkins

Manager, Admin
Kik Interactive Inc.

Kikusername: angelawatkins

e: angela.watkins@kik.com

c: [REDACTED]

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Angela Watkins

Manager, Admin
Kik Interactive Inc.

Kikusername: angelawatkins

e: angela.watkins@kik.com

C:

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Angela Watkins
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Kikusername: angelawatkins
e: angela.watkins@kik.com

C:

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